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DIGITAL CHOKEPOINTS IN THE ERA OF GLOBAL CONNECTIVITY

Context

- Amid rising geopolitical tensions, Undersea Cable Networks passing through strategic Digital Chokepoints have emerged as highly vulnerable infrastructure.

What are Undersea Cables?

- Undersea or submarine cables are fibre-optic communication cables laid on the seabed to transmit internet and telecommunication data across countries and continents.
- **Key Features of Undersea Cables:**
  - More than **500 submarine cables** connect different parts of the world.
  - Around **95% of global internet and international data traffic** passes through these cables.
  - Undersea cables **support global banking systems, digital payments, cloud computing, e-commerce, and military communications.**
  - Major technology companies such as **Google, Meta, and Microsoft** are increasingly investing in submarine cable infrastructure.

What are Digital Chokepoints?

- Digital chokepoints are **narrow maritime passages** through which **multiple submarine communication cables pass** together.
  - These chokepoints become strategically important because disruption at one location can affect internet connectivity across several regions simultaneously.
- **Major Global Digital Chokepoints:**
  - **Strait of Hormuz** serves as a major digital and energy chokepoint connecting the Gulf region with the global economy.
  - **Bab el-Mandeb Strait** links the **Red Sea with the Arabian Sea** and carries major submarine cable routes.
  - **The Suez Canal** acts as a crucial corridor connecting Europe and Asia through both maritime trade and digital infrastructure.
  - **Malacca Strait** connects the Indian Ocean with the Pacific Ocean and carries vital communication networks.
  - **The Red Sea** hosts several critical undersea cable systems connecting Europe, Asia, and Africa.

Geopolitical Dimensions of Undersea Cables

- **Emergence of Infrastructure Geopolitics:** Digital infrastructure is increasingly becoming an instrument of geopolitical influence and strategic leverage.
- **Rise of Hybrid Warfare:** States may use cyberattacks, sabotage, or infrastructure disruption below the threshold of conventional warfare to pressure rival countries.
- **Growing Maritime Competition:** The seabed is emerging as a new domain of strategic competition involving countries such as the **United States, China, Russia, and Iran.**

Major Vulnerabilities Associated with Undersea Cables

- **Concentration of Infrastructure:** Many submarine cables are concentrated along the same seabed routes, creating dangerous **single points of failure.**
- **Difficulty in Repair Operations:** Repairing damaged submarine cables requires specialised ships, technical expertise, and international coordination. Repair operations become difficult during military tensions or maritime conflicts.
- **Legal and Regulatory Ambiguity:** International legal frameworks regarding intentional cable disruption **remain weak and ambiguous**, especially in situations involving hybrid warfare or grey-zone conflicts.

Potential Consequences of Cable Disruption

- **Disruption of Global Connectivity:** Damage to submarine cables can reduce internet speed, disrupt communication networks, and create **regional internet blackouts.**
- **Financial Instability:** Interruptions in data flows can affect **banking systems, stock markets, and global payment networks**, thereby increasing economic uncertainty.
- **Impact on Global Trade:** Digital disruptions can affect shipping operations, insurance markets, supply chains, and energy trade routes.
- **Security and Military Risks:** Damage to submarine cables can weaken military coordination, intelligence communication, and command-and-control systems during crises.
- **Disproportionate Impact on Developing Countries:** Developing countries with limited digital backup infrastructure may face severe communication and economic disruptions.

Concerns for India

- **India's financial and IT sectors** are highly dependent on uninterrupted data connectivity.
- **Rising geopolitical tensions** in the **Indian Ocean Region (IOR)** increase risks to digital infrastructure.
- **Dependence on foreign-controlled cable infrastructure** creates strategic vulnerabilities.

Way Ahead

- **Diversification of Cable Routes:** Countries should develop alternative submarine cable routes to reduce excessive dependence on a few chokepoints.
- **Strengthening Maritime Security:** Naval cooperation and maritime surveillance should be enhanced to protect underwater digital infrastructure.
- **Building Redundant Systems:** Countries should invest in satellite communication systems and backup digital infrastructure to improve resilience.
- **International Cooperation:** Global cooperation is required for protection of submarine cables, faster repair coordination, information sharing and development of legal norms regarding infrastructure protection.

International Advisory Body for Submarine Cable Resilience

- **The International Telecommunication Union (ITU)** and the **International Cable Protection Committee (ICPC)** jointly launched the International Advisory Body for Submarine Cable Resilience.
  - This initiative aims to **strengthen the resilience of submarine cables.**
- The Advisory Body will also provide **strategic guidance** to address challenges related to **increasing traffic, aging infrastructure, and growing environmental threats** to submarine cables.

International Cable Protection Committee (ICPC)

- ICPC, **founded in 1958**, is a global forum for governments and commercial entities involved in the submarine cable industry.
- **Its primary mission** is to enhance the security of undersea cables by providing a platform for exchanging technical, legal, and environmental information.

Source: DTE

AI-FOCUSED GLOBAL CAPABILITY CENTRE (GCC) IN INDIA

Context

- India's **Global Capability Centre (GCC)** ecosystem is undergoing rapid transformation, with multinational firms increasingly using their India centres not just for back-office operations but for AI development, engineering, research and global business functions.

What are Global Capability Centres (GCCs)?

- GCCs are offshore units established by multinational corporations to perform strategic business functions for their global operations.
- These functions include technology and software development, engineering and R&D, finance and accounting, data analytics, product development, and operations management.
- India currently hosts around **2,117 GCCs**, employing nearly **2.36 million professionals** and generating approximately **$98.4 billion in revenue in FY26 (Nasscom-Zinnov report).**
  - The sector has expanded by nearly **32% over the last five years**, with more than 500 new GCCs established during this period.

Evolution of GCCs in India

- **From Cost Arbitrage to Strategic Ownership:** The traditional outsourcing model focused on reducing operational costs.
  - However, GCCs are now increasingly handling product ownership, AI deployment, platform engineering, and business transformation programmes.
  - The Nasscom-Zinnov report describes this transition as the movement from **'delivery engines' to 'enterprise nerve centres'.**
- **Rise of AI-led GCCs:** AI has become central to the transformation of GCCs. Key trends include:
  - Over **1,200 GCCs** in India now possess AI and Machine Learning capabilities.
  - More than **250 AI/ML Centres of Excellence (CoEs)** have been established.
  - India employs over **250,000 AI professionals**, making it the world's second-largest enterprise AI talent base after the United States.

Importance of GCCs for India

- **Economic Contribution:** GCCs contribute significantly to export earnings, high-skilled employment, urban economic growth, and technology transfer.

- The sector's nearly $100 billion revenue highlights its growing role within India's services economy.

- **Employment Generation:** GCCs create large-scale employment opportunities in engineering, AI and Data Science, finance, cybersecurity, research and development.
- **Integration into Global Value Chains:** India's GCC ecosystem strengthens the country's integration into global production and innovation networks.
  - It enables India to move higher in global value chains by participating in product innovation, advanced engineering, and research-led activities.
- **GCCs versus Traditional IT Services Firms:** The rise of GCCs is reshaping India's IT services industry.
  - Traditional IT firms historically depended on labour-intensive outsourcing, and time-and-materials contracts.
  - However, GCCs increasingly prefer end-to-end ownership, value-share and gain-share models, and product-centric operations.
- **Impact on Indian IT Companies:** GCCs attract talent through better salaries, product exposure, and long-term strategic work.
  - It presents opportunities for Indian firms to move towards AI integration, consulting services, platform engineering, and automation solutions.

Challenges Facing India's GCC Ecosystem

- **Limited Global Leadership Roles:** India still hosts relatively few global decision-making roles despite rapid expansion.
  - Only around **5% of GCCs** have evolved into 'transformation hubs' with significant CXO-level authority and functional sovereignty.
  - Strategic decisions and corporate leadership largely remain headquartered abroad.
- **Talent Competition and Skill Gaps:** The growth of GCCs has intensified competition for highly skilled professionals, especially in AI, semiconductor design, cloud engineering, and cybersecurity.
  - There is increasing demand for deep-tech expertise, interdisciplinary skills, and leadership capabilities.
  - It requires stronger industry-academia collaboration and skilling initiatives.
- **Increasing Competition from Other Countries:** Countries such as Vietnam, Philippines, Poland, and Mexico are emerging as alternative GCC destinations due to competitive labour costs, government incentives, and improving digital infrastructure.
- **Urban Infrastructure Constraints:** Most GCCs are concentrated in major metropolitan cities such as Bengaluru, Hyderabad, Pune, Chennai, and Gurugram.
  - These cities face traffic congestion, high real estate costs, pressure on urban infrastructure, water and energy stress.
- **Regional Imbalance:** The GCC ecosystem is heavily concentrated in a few states.
  - Tier-2 and Tier-3 cities have limited participation.
  - Regional disparities in digital infrastructure and skilled workforce availability persist.
- **Data Security and Regulatory Challenges:** As GCCs increasingly handle sensitive global operations, concerns related to data privacy, cybersecurity, cross-border data flows, and compliance with global regulations have become more significant.
  - Frequent changes in global data governance frameworks can increase compliance costs.
- **Dependence on Global Economic Conditions:** GCC expansion depends significantly on multinational investment decisions. Global uncertainties such as recessionary trends, geopolitical tensions, supply chain disruptions, and technology spending slowdowns can affect GCC growth and hiring.
- **Pressure on Traditional IT Services Sector:** The rise of GCCs has intensified competition for skilled professionals with Indian IT firms.
  - GCCs often offer higher salaries and product-oriented roles.
  - Traditional outsourcing firms face pressure on margins and talent retention.
- **Limited Innovation Ownership:** While India contributes significantly to engineering and product development, ownership of Intellectual property (IP), core patents, and strategic technologies often remains with parent companies abroad.

Government Support and Policy Support

- **Digital India Programme (2015):** It has strengthened the digital ecosystem necessary for GCC operations. It has improved India's

attractiveness for multinational firms seeking technology, AI and engineering capabilities.

- **IndiaAI Mission:** It aims to position India as a global AI hub. Many GCCs are increasingly engaged in AI model engineering, enterprise AI deployment, automation and analytics.
  - Government support for AI directly strengthens India's GCC ecosystem.
- **National Semiconductor Mission:** The **India Semiconductor Mission (ISM)** aims to build domestic semiconductor manufacturing and design capabilities.
  - Several GCCs in India work in chip design, embedded systems, and hardware engineering.
  - The semiconductor policy strengthens India's position in advanced engineering services.
- **Startup India and Innovation Ecosystem:** India's startup ecosystem has become an important support structure for GCC growth.
  - **Government initiatives like** Startup India, Fund of Funds for Startups, Atal Innovation Mission, and Centres of Excellence in emerging technologies.
  - GCCs increasingly collaborate with startups in AI, SaaS platforms, cybersecurity, fintech, deep-tech innovation.
  - It improves innovation capacity and technology adoption.
- **Skill Development Initiatives:** The government has launched multiple programmes to improve employability and digital skills.
  - **Important schemes** like Skill India Mission, FutureSkills Prime (with Nasscom), digital skilling programmes, AI and cybersecurity training initiatives.
  - These initiatives help create talent pools in data science, AI/ML, cloud computing, software engineering, and cybersecurity.
- **Ease of Doing Business Reforms:** India has implemented reforms to improve the business environment for multinational corporations.
  - These reforms reduce operational barriers and improve investor confidence.
- **State Government GCC Policies:**
  - **Karnataka:** Bengaluru remains India's largest GCC hub. Karnataka's technology policies promote AI, R&D and innovation ecosystems.
  - **Telangana:** Hyderabad has emerged as a major GCC destination. It offers incentives for technology parks and innovation centres.
  - **Tamil Nadu:** Focus on electronics, engineering and automotive GCCs. Policies support skilling and industrial infrastructure.
  - **Maharashtra:** Mumbai and Pune attract finance, engineering and technology GCCs.
- **Special Economic Zones (SEZs) and IT Parks:** Government-supported IT parks and SEZs provide tax incentives, world-class infrastructure, and simplified export procedures.
  - Many GCCs operate from SEZs and technology parks due to operational advantages.
- **Data Governance and Digital Public Infrastructure:** India has built strong digital public infrastructure through Aadhaar, UPI, DigiLocker, and Open Network for Digital Commerce (ONDC).
  - India's digital ecosystem supports large-scale technology experimentation, fintech innovation, and enterprise digital transformation.
  - It strengthens India's image as a digital innovation hub.

Way Forward

- **Building Global Leadership Presence:** Encourage multinational firms to locate regional and global leadership roles in India. Develop managerial and strategic capabilities.
- **Strengthening AI and Deep-Tech Ecosystems:** Expand AI research and innovation capacity. Promote semiconductor and advanced manufacturing ecosystems.
- **Enhancing Skill Development:** Improve industry-oriented higher education. Increase training in AI, cybersecurity and advanced engineering.
- **Encouraging Innovation Ownership:** Move from service delivery to intellectual property creation and product ownership.

Source: IE

ACHIEVEMENTS ACROSS INDIA'S LOGISTICS SECTOR

In News

- Union Minister of Commerce and Industry felicitated winners of the **LEAPS Awards 2025** and released the LEADS 2025 report in New Delhi, highlighting achievements across India's logistics sector.

Overview of India's logistics landscape

- Indian economy, growing strongly, supported by recovery across key sectors and improved supply chains.
- The logistics sector plays a vital role in enabling trade, manufacturing, and services.
- India improved its **Logistics Performance Index** ranking to 38th in 2023, up six places since 2018, reflecting progress in modernizing the sector. It aims to reach the top 25 globally by 2030 and reduce logistics costs to **below 10% of GDP.**

Advantages of Efficient Logistics Infrastructure

- **Supply chain efficiency:** Logistics ensures a smooth and efficient supply chain, minimising delays and reducing lead times.
  - This efficiency is vital for businesses to meet consumer demand promptly and optimize production processes.
- **Connectivity and accessibility**: Logistics networks enhance connectivity and accessibility, linking various regions and markets.
  - This connectivity contributes to economic integration by enabling businesses to reach a wider customer base and fostering trade between states and regions.
- **Cost reduction and competitiveness:** Efficient logistics operations contribute to cost reduction in transportation, storage, and distribution.
  - This, in turn, enhances the competitiveness of businesses as they can offer products at competitive prices in the market.
- **Job creation:** The logistics sector is a significant source of employment, providing jobs in transportation, warehousing, distribution, and related services. Job creation contributes to income generation and economic empowerment.
- **Technology adoption:** The industry's embrace of technology (such as GPS tracking, RFID, and advanced analytics) improves operational efficiency, reduces costs, and enhances overall productivity.
  - This technological advancement positively influences the broader economic landscape.
- **Economic integration:** A well-developed logistics sector facilitates economic integration by connecting various economic zones and promoting a seamless flow of goods and services.
  - This integration is essential for fostering a more robust and interconnected national economy.

Challenges

- **High logistics cost:** India's logistics costs are higher than global averages due to heavy reliance on road transport, which leads to increased fuel consumption and operational expenses.
- **Fragmentation of the sector:** Most of the logistics operators in India are unorganised, and the absence of standardisation results in inefficiencies and delays.
- **Infrastructure bottlenecks:** Congested ports, poor last-mile connectivity, and inadequate warehousing infrastructure still exist
- **Technology and skill gaps:** Uneven use of digital technologies such as tracking and automation, along with a shortage of skilled professionals, hampers efficiency in the logistics sector.
- **Environmental concerns:** Heavy diesel use in logistics raises CO emissions, and slow adoption of green and electric transport hinders sustainability.

Various steps taken by governments

- **Dedicated freight corridors:** India's logistics sector is improving due to reforms like GST and infrastructure status, which have increased efficiency and reduced delays.
  - A key development is the Dedicated Freight Corridors (DFCs), high-speed rail routes connecting major hubs such as Delhi, Mumbai, Chennai, and Howrah, enhancing freight speed and reliability.
- **Multi-modal logistics parks**: India is developing Multi-Modal Logistics Parks (MMLPs) to improve freight efficiency by integrating road, rail, and air transport with advanced facilities like warehouses, cold storage, and customs services.

- **Parivahan portal:** The Parivahan portal, along with SARATHI and VAHAN, digitises driving licence and vehicle registration services.
  - Integrated through the mParivahan app, it streamlines transport administration and improves efficiency in logistics operations by enabling easy, unified access to key documents and services.
- **Introduction of e-way bill:** The e-Way Bill system under GST is a digital document required for goods over 50,000, aimed at reducing paperwork, improving transparency, and streamlining interstate transport. It enhances compliance and logistics efficiency nationwide
- **GatiShakti:** PM GatiShakti (2021) is a national initiative to improve logistics efficiency and reduce costs through integrated, multi-agency infrastructure planning. It promotes multi-modal connectivity, faster project execution, and reduced delays via a National Master Plan, supporting economic growth and job creation, with significant infrastructure investment
- **National Logistics Policy:** The National Logistics Policy (2022) aims to improve efficiency by creating a seamless, integrated logistics system, including a single-window e-logistics platform, boosting MSME competitiveness and reducing logistics costs as a share of GDP.
- **Logistics Efficiency Enhancement Programme (LEEP)**: LEEP improves freight efficiency by reducing transport time and costs and enhancing logistics practices through better infrastructure, technology, and tracking systems.
- **Maritime Amrit Kaal Vision 2047** aims to modernize India's maritime sector by expanding ports, improving efficiency through digitalization, promoting green initiatives, and boosting shipbuilding, tourism, and skills.
- **Unified Logistics Interface Platform (ULIP)**: It is a digital logistics platform that integrates data from multiple government departments, improving transparency and efficiency.
- **Goods and Services Tax** streamlined goods movement in India by removing interstate checkpoints, simplifying taxes, and improving transport efficiency by over 33%, boosting logistics productivity.
- **LEADS :** It is an annual report released by the Ministry of Commerce & Industry, Government of India, to assess the logistics performance of States and Union Territories across infrastructure, services, regulatory environment, and sustainability, offering insights to guide policy and investment decisions

LEADS 2025 report

- It was released alongside the awards, introducing a revised four-tier classification of States and Union Territories based on logistics performance
- The new four-tier categorization is as follows:
  - **Exemplars**: Exemplars represent the top-performing States and Union Territories, demonstrating sustained excellence across policy, infrastructure, service delivery, and regulatory dimensions.
  - **High Performers:** High Performers comprise States and Union Territories that demonstrate strong and consistent outcomes across the majority of performance indicators.
  - **Accelerators**: Accelerators comprise States and Union Territories that have demonstrated notable improvement momentum and a clear reform orientation in recent years.
  - **Growth-Seekers:** Growth Seekers represent States and Union Territories that are at a foundational stage of logistics system development and institutional strengthening.

LEADS 2025: PERFORMANCE SNAPSHOT

STATE / UT CATEGORY	EXEMPLARS (Top Performing States/UTs)	HIGH PERFORMERS (Strong & Consistent Outcomes)	ACCELERATORS (Notable Improvement Momentum)	GROWTH-SEEKERS (Foundational Stage of Development)
Coastal States	Tamil Nadu	Gujarat, Kerala, Maharashtra	Andhra Pradesh, Odisha, Goa, Karnataka	West Bengal
Landlocked States	Uttar Pradesh	Haryana, Telangana, Chhattisgarh, Bihar	Punjab, Jharkhand, Madhya Pradesh, Uttarakhand, Himachal Pradesh	Rajasthan
North-Eastern States	Mizoram	Tripura, Meghalaya	Nagaland, Arunachal Pradesh, Manipur, Assam	Sikkim
Union Territories	Delhi	Jammu & Kashmir, Puducherry	Dadra & Nagar Haveli and Daman & Diu, Chandigarh, Ladakh, Lakshadweep	Andaman & Nicobar Islands

Note: LEADS (Lotus Education & Assessment Development System) 2025 assesses learning outcomes in Grade 3, 6, and 9 across all States and UTs of India.

Conclusion

- India's logistics sector is undergoing a major transformation driven by policy support, infrastructure growth, and digitalisation, but it still needs reforms to reach global standards.
- To become a leading logistics hub, India must strengthen multimodal transport by shifting freight from road to rail and waterways and developing integrated logistics parks and freight corridors.
- It also needs to reduce logistics costs through improved efficiency, digital planning, streamlined taxation, and fewer transit delays.

- Expanding digital infrastructure and the use of AI, IoT, and data analytics can further optimize supply chains.
- In addition, promoting green logistics through electric freight vehicles, coastal shipping, inland waterways, and carbon-efficient practices is essential.
- Skill development and formalisation of the workforce, along with consolidation of fragmented operators, will help build a more efficient and globally competitive logistics ecosystem.

Source :PIB

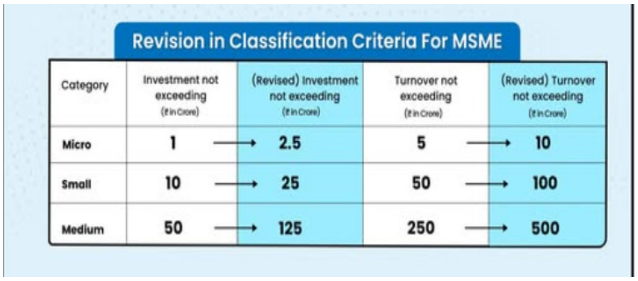
MSMES: THE BACKBONE OF INDIA'S INCLUSIVE GROWTH

Context

- India's Micro, Small and Medium Enterprises (MSME) sector has become a key driver of economic growth, employment generation, exports and grassroots entrepreneurship, particularly in rural and semi-urban areas.

What are MSMEs?

- MSMEs are enterprises classified on the basis of investment in plant and machinery or equipment and annual turnover.
- The Union Budget 2025-26 revised the MSME classification criteria to expand coverage and encourage enterprises to scale up without losing benefits.



Category	Investment not exceeding (₹ in Crore)	(Revised) Investment not exceeding (₹ in Crore)	Turnover not exceeding (₹ in Crore)	(Revised) Turnover not exceeding (₹ in Crore)
Micro	1 →	2.5	5 →	10
Small	10 →	25	50 →	100
Medium	50 →	125	250 →	500

Why MSMEs Are Important?

- MSMEs contribute about **31.1% to India's GDP**, account for **48.58% of total exports**, and generate around **35.4% of manufacturing output**.
- The sector encompasses more than **7.47 crore** enterprises across manufacturing, services, and trade activities.
- It provides livelihoods to approximately **32.8 crore people**, making it the second-largest source of employment after agriculture.
- A large share of these enterprises operate in rural and semi-urban areas. They support local value chains, promote non-farm employment, and contribute to regional economic development.

Key Challenges Faced by MSMEs

- **Access to Finance:** MSMEs, particularly micro enterprises in rural areas, face significant credit gaps due to collateral requirements, limited credit history and risk aversion among lenders.
- **Increased Competition:** Globalisation and e-commerce have exposed MSMEs to competition from large domestic players and cheap imports, particularly in textiles, handicrafts and electronics.
- **Lack of Technological knowledge:** A large proportion of MSMEs — especially in rural areas — lack awareness and capacity to adopt digital tools, automation and modern production techniques.
- **Marketing and Networking Opportunities:** Limited market linkages and poor brand visibility restrict MSMEs from accessing national and global markets effectively.
- **Regulatory Burden:** Complex compliance requirements across labour, taxation and environmental regulations disproportionately affect small enterprises with limited administrative capacity.
- **Skilled Labour Shortage:** MSMEs struggle to attract and retain skilled workers, particularly as urban migration pulls labour away from rural manufacturing clusters.
- **Vulnerability to External Shocks:** As demonstrated during COVID-19, MSMEs — especially micro enterprises — have limited financial buffers to absorb demand shocks, supply chain disruptions or raw material price volatility.

Government Initiatives

- **PM Vishwakarma:** Launched in 2023, it is a central sector scheme for 2023-24 to 2027-28.
  - It aims to uplift traditional artisans and craftspeople by enhancing product quality and connecting them to wider markets.
- **Credit Guarantee Scheme for Micro and Small Enterprises (CGSMSE):** A Credit Accessibility Breakthrough, the CGSME provides credit guarantees for credit facilities extended by Member Lending Institutions to MSEs without collateral security or third-party guarantees.

- **Udyam Registration Portal:** It was launched in 2020, offers a free, paperless, and self-declared registration process for MSMEs.
- **Prime Minister's Employment Generation Programme (PMEGP):** PMEGP is a credit-linked subsidy scheme that supports self-employment by helping set up micro-enterprises in the non-farm sector.
- **MSME Hackathon 4.0 (2024):** Supports 500 young entrepreneurs with funding up to Rs. 15 lakh each for innovation and incubation.
- **MSME-TEAM Scheme (2024):** A trade enablement initiative with an outlay of Rs. 277.35 crore, supporting 5 lakh MSEs (including 2.5 lakh women-led) in digital onboarding, cataloguing, logistics and packaging.
- **Khadi and Village Industries:** The Government is promoting the Khadi and Village Industries (KVI) sector through the Khadi and Gramodyog Vikas Yojana (KGVY), a Central Sector Scheme with no state component.
- **International Cooperation Scheme:** Supports MSMEs in entering global markets by facilitating participation in international fairs, exhibitions and knowledge-sharing events on a reimbursement basis.

Conclusion and way forward

- As India moves towards becoming a $5 trillion economy and achieving the vision of Viksit Bharat 2047, MSMEs are expected to remain central to the country's economic transformation by driving employment, local manufacturing, exports, innovation and inclusive growth.
- However, addressing challenges related to credit access, technology adoption, delayed payments, skilling and global competitiveness will be crucial to unlocking the sector's full potential, particularly in rural and semi-urban India.

Source: PIB

NEWS IN SHORT

INDIA BACKS TWO-STATE SOLUTION FOR PALESTINE ISSUE

In News

- Recently, India has reiterated its support at the United Nations for a two-state solution that allows Palestinians to live freely in an independent nation within secure borders, while also addressing Israel's legitimate security concerns.

Background

- The two-state solution originated from the long conflict between **Arabs and Jews in British-ruled Palestine.**
- In 1947, the United Nations proposed dividing **Palestine into separate Arab and Jewish states, but Arab nations rejected the plan.**
- Israel was established in 1948, war broke out with neighbouring Arab states, leading Israel to control most of the territory
  - In 1967, Israel **captured the West Bank, East Jerusalem, and Gaza**, leaving many Palestinians stateless and living under occupation or as refugees.
- The **Oslo Accords, brokered by the United States and signed during the 1990s** between Israel and the Palestine Liberation Organization (PLO), established the Palestinian Authority and granted it administrative control over parts of the West Bank.

What is the two-state solution?

- The two-state solution is a proposed peace plan for the conflict between Israel and Palestine, where both countries would exist independently and peacefully side by side.
- The idea emerged after the **1967 Arab-Israeli war,** when Israel gained control of the West Bank and Gaza Strip.
- Under this plan, Israel would recognise Palestine as an independent state, while Palestine would accept Israel's right to exist.
- The two states would have internationally recognised borders, with Palestine's capital in East Jerusalem.

Global Recognition

- The UN Secretary-General strongly supported the two-state solution, describing it as the only realistic way to achieve lasting peace after years of conflict and violence.
- The US used its veto power to block a United Nations Security Council resolution aimed at granting statehood to Palestine.

India's Stand

- India reiterated its support for a two-state solution, advocating for an independent Palestinian state while ensuring Israel's security.
  - Palestine's UN membership bid would be reconsidered.

- India also pledged active participation in upcoming UN discussions on the issue.

Source:TH

MIZORAM GINGER MISSION

In News

- The Union Minister for Development of North Eastern Region (MDoNER) launched the **Mizoram Ginger Mission.**

About Mizoram Ginger Mission

- It is a 189.79 crore convergence-led initiative for **Ginger Cultivation & Value Chain Development for the State of Mizoram.**
- This mission is a **key component of the broader "Brand North East" vision**, which assigns specific USPs to states, such as **Sikkim (Organic State), Arunachal Pradesh (Kiwi), Tripura (Queen Pineapple), Nagaland (Coffee), and Meghalaya (Lakadong Turmeric).**
- The **Mizoram Ginger Mission** aims to improve **farmer incomes by reducing price gaps**, minimising post-harvest losses, and promoting better use of **GI-certified ginger** through coordinated efforts among multiple ministries.
  - Mizoram is known for its **Geographical Indication (GI)- certified ginger varieties.**
- It seeks to integrate around 20,000 farming households into a global value chain through processing hubs, branding, exports, and market integration.

Ginger

- It is one of the **oldest known spices**, and is esteemed for its aroma and pungency.
- It **originated in South – East Asia**, but was under cultivation in India as well as in China from ancient times.
- Main ginger growing countries are **India, China, Jamaica**, Taiwan, Sierra Leone, Nigeria, Fiji, Mauritius, Indonesia, Brazil, Costa Rica, Ghana, Malaysia, Bangladesh, Philippines, Sri Lanka, Thailand, Uganda, Hawaii, Guatemala and many Pacific ocean islands.

Source :PIB

WHY THE GOVERNMENT BANNED SUGAR EXPORTS?

Context

- The Government of India, through the Directorate General of Foreign Trade, placed exports of raw, white, and refined sugar under the **prohibited category** till September 30, 2026.
  - Earlier, sugar exports were only **restricted**, meaning exports were allowed within government-approved limits.

Reasons Behind the Sugar Export Ban

- **El Niño and Monsoon Concerns:** The government fears that a possible El Niño event may weaken the monsoon, reduce sugarcane cultivation, and affect future sugar production.
- **Fertiliser Supply Risks:** Geopolitical tensions in West Asia may disrupt fertiliser supplies, which is significant because sugarcane is a fertiliser-intensive crop.
- **Maintaining Adequate Domestic Stocks:** The ban aims to preserve sufficient sugar stocks to control prices, prevent shortages, and ensure domestic food security.

Sugar Production in India

- **India** has been the **largest consumer** and **second largest producer** of sugar in the world.
  - In India, Sugar production in the **2025–26** sugar season is estimated at around **279 lakh tonnes (lt).**
- **Production process:** Sugar is produced from sugarcane by crushing the crop, extracting the juice, boiling it to form a syrup, crystallizing it, and centrifuging the raw sugar crystals.
- **Location of Sugar Industry in India:** Sugar industry is broadly distributed over two major areas of production:
  - **Uttar Pradesh, Bihar, Haryana and Punjab** in the north and
  - **Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh** in the south.

Geographical Conditions for Sugarcane Growth

- **Climate:** Requires **hot (21°-27°C)** and **humid (75-150 cm)** conditions.
  - Excess rainfall reduces sugar content; insufficient rain produces fibrous crops. Cool, dry winters aid ripening.
  - **South India has tropical climate** which is suitable for higher sucrose content giving higher yield per unit area as compared to north India.
- **Soil:** Prefers moisture-retentive soil but depletes fertility over time.

- Sugarcane is a **tropical and subtropical cash crop** mainly used for sugar, jaggery, ethanol, and bioenergy production in India.
- **India has two major sugarcane-growing zones:** the tropical zone (peninsular India) with higher yields and the subtropical zone (northern India) with lower productivity.

Source: IE

COMMON CRITERIA DEVELOPMENT BOARD (CCDB)

Context

- India has been nominated as the Chair of the Common Criteria Development Board for the period from April 2026 to April 2028, during the 1st Quarter Meeting of the **Common Criteria Recognition Arrangement** in Tokyo, Japan.

What is the Common Criteria Recognition Arrangement (CCRA)?

- The CCRA is an international arrangement that enables the **mutual recognition of IT security certificates** among member countries.
  - It provides a common framework for **evaluating and certifying the security of IT products.**
- Under the arrangement, **products certified in one member country are accepted by other member nations** without the need for re-certification. This system facilitates seamless international trade in secure IT products.
  - The CCRA comprises **20** certificate-authorizing nations and **18** certificate-consuming nations.
- The CCRA also maintains the **Common Criteria Portal,** which serves as the global repository for certified secure IT products.

What is the Common Criteria Development Board (CCDB)?

- The CCDB serves as the **technical core of the Common Criteria Recognition Arrangement).**
- It is the technical body responsible for developing and maintaining;
  - **Common Criteria (CC) standards, and**
  - **Common Evaluation Methodology (CEM).**
- The board **develops and updates technical standards and evaluation methodologies** for IT security certification.
- While other CCRA groups focus on policy matters, the **CCDB concentrates on technical standards and evaluation criteria** for secure IT products.

India's Participation

- India became a member of the CCRA in **2013** as a **Certificate Authorizing Nation.**
- India participates in the arrangement through the Ministry of Electronics and Information Technology and the **Standardisation Testing and Quality Certification (STQC) Directorate.**
- **The STQC Directorate** acts as India's official Certification Body for IT security evaluations.

Source: PIB

ASSAM SHIPS FIRST LEGAL AGARWOOD CHIPS TO WEST ASIA

In News

- Assam achieved a major milestone by making its **first legally approved export of agarwood chips** to **Saudi Arabia and the United Arab Emirates.**

Agarwood

- It is also known as oud, is one of the **world's most valuable aromatic raw materials .**
  - It is produced from resin formed in infected Aquilaria and Gyrinops trees.
  - Agarwood incense is produced from resin formed in trees of the Aquilaria and Gyrinops genera when they are stressed or infected by fungi, triggering a defensive resin response.
- Agarwood is a highly valued material used globally in **luxury perfumes, incense, cosmetics, and traditional products.**
- Agarwood is **grown in countries such as India, Cambodia, Vietnam, Malaysia, Indonesia, Laos, and Bhutan**. In India, key species like Aquilaria malaccensis and Aquilaria khasiana are found mainly in the Northeast, including Assam and surrounding states.
- Agarwood figured in **Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)**, after international concern built up over the dwindling population of trees worldwide.

Source :TH

INDIA'S FARM EXPORTS HAVE GROWN DESPITE US TARIFFS

Context

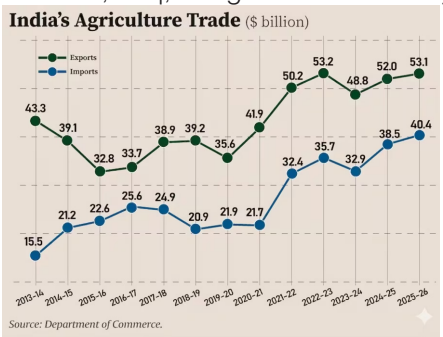
- **India's farm exports grew 2.3%** year-on-year in 2025-26 (April-March), despite the steep tariffs imposed by the United States.

About

- The US imposed **steep tariffs on several Indian exports:**
  - Initially 25%, later raised to 50%, before being reduced to 10%.
  - Sectors affected included **pharmaceuticals, garments, jewellery, leather, and some agricultural products like shrimp, spices, and basmati rice.**

Reasons Associated with Growth

- **Diversification of Markets:** Indian exporters reduced dependence on the US and expanded exports to other countries.
  - Exports of marine products rose nearly 14% to over $8.4 billion.
  - Even though exports to the US declined, shipments increased significantly to countries such as China, Vietnam, Japan, Belgium, Thailand, Canada and the United Kingdom. This helped offset losses from the American market.
- **Strong Growth in Buffalo Meat Exports:** Buffalo meat exports rose by 25.6% to a record $5.1 billion. Major buyers included Vietnam, Egypt, Malaysia, United Arab Emirates and Saudi Arabia.
- **Coffee Export Boom:** India's coffee exports crossed $2 billion for the first time. Reasons include high global coffee prices, falling global coffee stocks, weak production in major producers like Brazil and Vietnam.
  - India benefited especially from exports of robusta coffee used in instant coffee and espresso blends.
- **Rise in Fresh Fruits and Vegetable Exports:** Exports of grapes, pomegranates, mangoes, bananas, onions, tomatoes, and other vegetables increased.
  - Main markets included the United Arab Emirates, Iraq, Bangladesh and Malaysia.



Source: IE

WITHHOLDING TAX

Syllabus: GS3/Economy

Context

- **Amid the West Asia conflict,** the government is reportedly **considering slashing the 'withholding tax' rate** from **20% to the earlier 5%** as it looks to revive overseas inflows.

Withholding Tax

- Withholding tax, or WHT, is a **tax collected at the source of income.**
  - Instead of waiting for an investor or foreign company to pay taxes at the end of the financial year, the government requires the payer to deduct a portion of the income **before it is remitted to the recipient.**
  - The deducted amount is then **directly deposited with the government.**
- In simple terms, **whenever income is earned** whether through employment, investments, royalties or other sources the **government ensures tax collection in advance through withholding tax.**
- **Hong Kong and Singapore** don't have a withholding tax.

Significance of Slashing Withholding Tax

- **Attracts Foreign Investment:** Lower withholding tax increases returns for foreign investors, encouraging greater FDI and portfolio investments.
- **Improves Ease of Doing Business**: Reduces tax and compliance burden on companies engaged in cross-border transactions.
- **Boosts Capital and Trade Flows:** Encourages international trade, technology transfer, and movement of global capital.
- **Supports Economic Growth**: Increased investment and business activity can generate employment, innovation, and higher economic productivity.

Source: IE

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